ILCU International Development Foundation
(A company limited by guarantee not having a share capital)

Annual Report

Financial Year Ended 31 December 2021

Company Number: 144006

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

Mr Eamonn Sharkey (Chairperson)
Ms Vivienne Keavey
Mr Jim Toner
Ms Margaret Heffernan
Ms Marie Sealy (retired 10 June 2021)
Mr Paul Gibbons (appointed 10 June 2021)

Dr Monica Gorman (Volunteer Board Advisor)

Solicitors

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Secretary and Registered Office

Ms. Grace Kelly
33-41 Lower Mount Street
Dublin 2

Charity Registered Revenue Number: CHY 9704

Company Registered Number: 144006

Registered Charity Number: 20024314

Bankers

Bank of Ireland
Rathfarnham Shopping Centre
Rathfarnham
Dublin 14

Bank of Ireland
4/6 High Street
Belfast BT1 2BA
Northern Ireland

Independent Auditors

KPMG
1 Harbourmaster Place
IFSC
Dublin 1

DIRECTORS' REPORT

The directors present herewith their report and the audited financial statements for the financial year ended 31 December 2021.

The purpose and mission of the Foundation

The purpose of the ILCU International Development Foundation (the Foundation) is to increase financial inclusion and reduce poverty by supporting sustainable credit unions that empower people and their communities.

The mission of the Foundation is to help alleviate poverty in developing countries by supporting credit unions and their representative bodies as a means for socio-economic development through the provision of financial and technical assistance.

The main strategy employed by the Foundation to achieve this purpose and mission is co-funding long term programmes with developing credit union movements in selected countries.

The Foundation shares the Irish movement's knowledge and experience from within the Irish Credit Union movement with countries keen to develop or initiate their own credit unions. The Foundation uses its experience and expertise to provide an appropriate transfer of skills to our partners, helping them to develop sustainable credit union movements and procedures and practices to alleviate poverty.

The characteristics of this support include:

- Financial and technical support and training provided on a broad range of financial co-operative issues at micro (communities and members); meso (credit unions and apex bodies) and macro (apex bodies and governments) levels;
- Digital Finance and IT Support;
- Capacity building of financial co-operative movements, including apex organisations;
- Maximising aid effectiveness through knowledge management, exchange programmes and the development of local capabilities to deliver technical expertise;
- Poverty focus and emphasis on poverty reduction is core to the Foundation's programme and partner selection process.

Foundation Strategy 2020-2024

The overall aim of the Strategic Plan (2020-2024) is to continue to improve the quality of the Foundation's work in assisting international credit unions to build financial inclusion and reduce poverty in low-incoming developing countries. The scope of the strategy was agreed by the Board of Directors and generating the plan involved all staff, local partners, external stakeholders including the Department of Foreign Affairs (DFA) and other key international external funding agencies.

The Foundation's strategy focuses resources into 6 specific areas (highlighted in bold below) to help the Foundation meet its purpose and mission:

- Working closely with dedicated local partners and credit union movements in the **core countries** of Ethiopia, Sierra Leone and The Gambia, we will assist in building an equitable financial environment for all by providing access to affordable and ethical financial services through the credit union model;

- Investment in three specific areas of strategic development that will impact the nature of our work in our partner countries: **Digital Financial Services**; **South-South Technical Assistance** and **Social Impact Measurement;**

- Implementing necessary measures to ensure the sustainability of the organisation as a whole: **Business Development** and **Communications and Fundraising.**

DIRECTORS' REPORT – continued

Progress toward Strategic Priorities 2020 – 2024

1. *Stable and growing movements, with effective structures that offer modern and relevant financial services aligned with members' socio-economic aspirations in the Ethiopia, Sierra Leone and The Gambia.*

   Ethiopia: The Foundation's direct work in Ethiopia is at the macro level where it provide~~s~~ financial and technical assistance, with the support of the UN Agency, the International Fund for Agricultural Development (IFAD), for the development of regional apex organisations and appropriate tiered regulation and supervision in partnership with the Ethiopian government. The Foundation partners also with Self Help Africa to support the establishment and development of rural credit unions.

   Sierra Leone: The Foundation's work currently supports the Sierra Leone credit union movement at all levels - the micro; meso and macro levels. This support is provided with direct financial and technical assistance through the Foundation's implementing office in Sierra Leone, ILCUF Ltd., in partnership with Irish Aid (Civil Society Fund) through the Department of Foreign Affairs (DFA); our Sierra Leonean credit union partner, National Cooperative Credit Union Association (NaCCUA); and German partner DSIK (Deutsche Sparkassenstiftung für Internationale Kooperation).

   The Gambia: The Foundation has a long history of support and involvement with The Gambian movement and continued to build on that work through its Partnership Framework Agreement with the apex body, National Association of Cooperative Credit Unions of the Gambia (NACCUG), to continue that support, notably in the areas of digital finance and capacity building in Compliance.

   All countries: The Foundation continued its work on contextualisation and delivery methods of a core credit union curriculum for staff and volunteer board members in 2021. In the current year, the Foundation with its formal partnership with the African Confederation of Co-operative Savings and Credit Associations (ACCOSCA), commenced a number of initiatives to support institutional strengthening and capacity building of both ACCOSCA and the Foundation, so both organisations can better support their shared vision of promoting financial inclusion in Africa, through the development of strong, secure and sustainable credit unions movements.

2. *Integrate digital financial services into our technical assistance offered to our partners, and all digital services will be driven by an assessment of members needs and demands.*
   The Foundation has continued to invest in personnel and resources in order to integrate digital financial service assistance in to its support programmes for core countries. In practical terms in 2021, significant work has taken place with our partners in Sierra Leone and Gambia to review respective MIS (Management Information Systems) to advance the automation of credit unions in both countries. A key long-term focus of this work is that the Foundation will assist with providing the West Africa credit union movements more sustainable IT solutions.

3. *Building the capacity of local and regional consultants to deliver high quality and effective Technical Assistance through the South-South Technical Assistance (SSTA) programme.*

   The Foundation is working with a group of 9 qualified and dedicated Southern Consultants to increase their capacity to deliver high quality and impactful Southern-led technical assistance to credit union development in Africa. Covid-19 restrictions impeded capacity to conduct in-person trainings but in 2021 the group participated in two webinar sessions that focused on strategic planning.

4. *Systematic, regular and robust impact measurement techniques and tools will be employed to measure the ongoing social, economic and community benefit of credit unions for the communities they serve.*

   Three assessment tools were utilized in 2021 in our Sierra Leone programme, these related to
   - impact,
   - member satisfaction and
   - depth of outreach (measuring the poverty level of members).

DIRECTORS' REPORT – continued

Progress toward Strategic Priorities 2020 – 2024 – continued

The impact assessment tool at the member level drew on the widely tested 'AIMS' (Assessing the Impact of Microenterprise Services) methodology. A total of 573 people took part in the impact survey which found that credit union members were more resilient to economic shocks than non-credit union members. An in-depth member satisfaction survey on financial products was carried out with 170 respondents, which found that 80% of respondents were satisfied or very satisfied with the credit union.
For depth of outreach, the findings showed that 90% of CU (credit union) members on entry were either poor or vulnerable middle poor and that there were higher poverty levels in the households represented by the female CU members.

5. *Develop new and ongoing external business development partnerships with partners and institutional funders who share the missions and goals of the Foundation, notably in respect of poverty alleviation in low-income developing countries, and who respect the social and community focus of the credit union model.*
In 2021 the Foundation entered in to an important project support contract for its work in Sierra Leone under its existing collaborative Partnership Framework Agreement with DSIK to support its work in Sierra Leone. The Foundation also signed a new 3-year Memorandum of Understanding with Irish Aid for a DFA co-funded programme 2021-2024. Opportunities for new funding support streams are being consistently monitored.

6. *Ongoing use of dedicated personnel and effective and strong communication tools and Fundraising opportunities to engage with the Foundation's core Irish Credit Union funding base and, increasingly, the wider public, in order to ensure the Foundation has access to the funds needed to provide the planned support.*

The Covid-19 pandemic continued to impact on our work throughout 2021. No in-person events, volunteer programmes or study visits took place. The Foundation continued to grow its profile online across its various social channels.

A new fundraising initiative was launched in the second half of 2021 – in conjunction with the ILCU. The CU Challenge took place in October with over 50 Irish credit union teams participating. The Challenge took place over 10 days, with the aim to walk 10 million steps. By the end of the Challenge participants walked over 36 million steps and raised over €30,000. The CU Challenge helped to raise funds for our work in Sierra Leone and also helped to raise awareness among credit union staff.

A second initiative was piloted with An Post Employees Credit Union, each member received an information leaflet about the Foundation and the option to donate from their credit union account.

A third fundraising initiative - a donate button on the Foundation's website – was developed and will be launched in Spring of 2022.

2021 Highlights - Activities, Impact and Main Accomplishments

The Covid-19 global pandemic continued to have a significant effect on many of the Foundation's planned activities for 2021 and necessitated significant changes in the methods and means of programme delivery and an adaptive revision to programme targets. However, despite the ongoing challenges caused by Covid-19 and the resulting restrictions both nationally and internationally, the Foundation was able to successfully continue to implement its strategic objectives and advance its programmes in its core countries. The Foundation is very grateful to Irish Aid and the Department of Foreign Affairs; and IFAD and all its local staff and collaborating partners for their willingness to engage in positive responses and to allow for the adaptive programming needed to facilitate many of the mitigating actions that were required to ensure continued progress in all areas.

DIRECTORS' REPORT – continued

2021 Highlights - Activities, Impact and Main Accomplishments – continued

Sierra Leone

September 2021 saw the completion of *Financial Inclusion for Resilience in Sierra Leone* (FIRSL), the three-year Irish Aid supported project, that aimed to build the capacity of poor and disadvantaged people to effectively prepare for, respond to and recover from livelihood shocks and stresses by developing an effective and resilient Credit Union movement. Despite challenges posed by the Covid-19 global pandemic, the project met or exceeded 18 of its 21 targets and partially achieved 3 targets, which were directly impacted by Covid-19. Over the lifetime of FIRSL, members increased by nearly 100% meaning more Sierra Leoneans now have access to financial services and products.

Total national savings amounted to Le 8.6 billion (approx. €728,813) against a target for 2021 of Le 5.7 billion (circa. €483,050), illustrating a 145% increase from the 2018 baseline. Notably, approximately 65% of CU members in Sierra Leone are women, who can often be financially excluded from access to services and products. The introduction of Graduation Microfinance (GMF) focused on group lending and targeted at the vulnerable poor who do not have the means to become full CU members, has helped to increase financial literacy skills, in particular for women.

The distribution of IT equipment and focus on capacity building around IT skills also enabled strong progress for CUs in the areas of reporting, monitoring and risk management.

November 2021 saw the commencement of a new three-year Irish Aid supported project, Step Up. This project seeks to build on the progress of FIRSL by continuing to strengthen the CU movement at micro, meso and macro levels while ensuring that the CU ethos remains central to all operations.

As it relates to financially excluded and marginalised individuals, the Foundation intends to extend the reach on GMF through the Step Up project, given the increasing demands from CUs to offer it as a valued service. Step Up also intends to build on the positive strides that have been made on supervision and reporting thanks to extensive external auditing undertaken throughout 2021. Planned enhancements in IT and the automation of CU monitoring and operations with DSIK support will further enable the monitoring and reduction of risks in the credit unions.

Staff and volunteers from CUs have continued to benefit from technical capacity building such as participating in a Core Curriculum program that ensures the CU ethos and best practice is achieved and maintained by all CUs across Sierra Leone. Increased localisation of activities including engagement of local expertise and sustained support for the CU Apex body in Sierra Leone credit union will also continue in Step Up in line with a clear focus on qualitative as well as quantitative targets.

Ethiopia

In 2021, the Foundation completed implementation of the programme *Improving Rural Financial Inclusion through Co-operatives* (IRFITCO) (2017-2021) in March. The programme was co-funded by UN IFAD, and implemented with international partners, CDF (the Co-operative Development Foundation of Canada) and ACCOSCA. Local partners included the ECC (Ethiopia Cooperative Commission) and two regionally established credit union federations (similar to small credit union leagues). Outputs in 2021 under this programme included 1) the development of regulatory standards and resources and for prudential, tiered regulation and supervision of credit unions, 2) technical support, training and consultative meetings and 3) operationalisation of a central financing facility to increase loanable funds. Over the course of 2021, a suite of training and technical resources continued to be developed during and after the programme by both external consultants and the Foundation technical advisers.

The Foundation continued to support the key IRFITCO initiatives after the conclusion of the grant by drawing internally generated resources. This included support for finalisation of the credit union regulation and related

DIRECTORS' REPORT – continued

2021 Highlights - Activities, Impact and Main Accomplishments – continued

Ethiopia - continued

training, and support for the nascent credit union federations in Addis Ababa and Amhara. Outcomes included the government approval of the regulatory instrument, the 'Prudential Inspection Directive,' and initial staffing and service delivery by the Federations.

Additionally, in 2021 the Foundation continued its collaborative partnership in Ethiopia with the INGO Self Help Africa (SHA). This work focuses on the institutional and financial sustainability of four Unions and support services they provide to their member credit unions, while simultaneously increasing SHA's local capacity to provide suitable technical assistance. The 3-year project (2020-2022) continued to be implemented bringing the Unions to the level where they can independently contribute to the development of a sustainable rural finance system and increase financial inclusion of smallholder farmers.

Covid-19 resulted in the continued suspension of travel to Ethiopia as well as restrictions on activities in terms of numbers attending and adhering to Covid-19 protocols. Substantial efforts by local staff and partners facilitated the successful conclusion of the IRFITCO programme and effective implementation of subsequent and parallel activities. The conflict in Ethiopia critically affected the participation of Tigrayan personnel in the programme and curtailed involvement of personnel from parts of Amhara affected by the conflict.

Staff and Volunteers

The Foundation has an active and growing network of credit union volunteers who support our work by providing technical advice to our partners and promoting/fundraising for the Foundation in Ireland. The Board acknowledge with gratitude the work of its staff and that of its volunteers in 2021. The major achievements during the year are due to the dedication, belief and commitment of all of these people.

Governing Document

The ILCU International Development Foundation was incorporated on 20 April 1989 and is a company limited by guarantee not having a share capital and having a registered office at 33-41 Lower Mount Street, Dublin 2. The Foundation is exempt from corporation tax. The objects of the Foundation are charitable in nature with established charitable status, (Charity Number CHY 9704 and Charities Regulatory Authority Number 20024314.) All income is applied solely towards the promotion of charitable objectives of the Company.

The Constitution of the Foundation is the fundamental governance document of the Foundation. The Board of the Foundation acts as the governing body. The Board is committed to maintaining the highest standards of corporate governance and full compliance with the Charities Governance Code.

Appointment of Directors

All five Board members are non-executive directors, with three directors appointed from the Board of the Irish League of Credit Unions (ILCU). The remaining two Director positions are filled from outside the ILCU Board. The Directors, as a consequence, are from a broad mix of backgrounds, the intention being to have a Board with a wide mix of competencies and qualifications, with a particular emphasis on securing Directors committed to development issues, and those with knowledge and experience of the credit union environment. The Board also recognises the necessity to include on its Board, Directors with other business and financial expertise where possible.

It is Board policy to ensure that the Board refreshes itself on a regular basis. In this regard, Directors retire in a manner that ensures that there is continuity of knowledge and expertise on the Board, without permitting Directors to serve for an unduly long period.

Consistent with this approach, the Board recognised the need to increase its own scope to broaden its skillset and it approved to co-opt an external person to attend Board meetings. In line with this, the Board has recruited

DIRECTORS' REPORT – continued

Appointment of Directors – continued

an adviser with expertise in international development to provide input and advice at its Board meetings. This Volunteer Board Advisor does not have voting rights.

Directors' Induction and Training

New directors receive formal induction and are provided with appropriate information relating to the Foundation's affairs, including its financials, policies, strategies, corporate governance and risk exposures.

Decision Making

There is a clear division of responsibilities between the functions of the Board and those of the Foundation's Senior Management. The day to day management of the Foundation is delegated by the Board to the CEO. The Board is responsible for providing leadership, setting strategy and ensuring control. Notwithstanding the level of delegation to management, the Board accepts that it has the primary responsibility to ensure that the Foundation is effective and is achieving its strategic objectives consistently.

The Foundation has a clear and defined process for reporting management information to the Board. The Board is provided with regular information, which includes key performance and risk indicators for all aspects of the organisation. The Board meets regularly and otherwise as required with a minimum of six Board meetings annually.

The Board cannot, under the governing documents, receive remuneration for services to the Foundation, and may only be reimbursed for approved expenses arising from the fulfilment of their duties as Directors.

Risk Management and Internal Control

The Board recognises and accepts that there are significant risks associated with the operations and activities of the Foundation. They acknowledge that those risks facing the organisation must be identified, monitored, reported on, and managed. The Board accepts the responsibility for ensuring sufficient resources are made available to management so as to minimise the risk of adverse event occurrences affecting the Foundation's operations, personnel, and beneficiaries. The Board reviewed and updated the Foundation's overall Risk Management Policy in 2020 and all policies are reviewed annually.

Detailed risk registers have been established for all key areas of the Foundation's operations – including at Headquarter (HQ), programme, and country-programme level – and key responsibilities within the organisation for the act of updating of identification, monitoring, and reporting of risk have been assigned. Senior management prepares an updated consolidation of all HQ/programme/country-level risk reports which is reviewed and acted upon quarterly by the Board. Detailed programme risk registers are maintained for all Donor funded programmes.

The Board has identified the following major risks:

- The ongoing risk posed by the sustainability of sufficient income levels from credit union donations and institutional grants has been exacerbated by the economic uncertainties caused by the global Covid-19 crisis. The Board has responded to this risk by putting Business Development and Communications and Fundraising as key strategic priorities in the Foundation's strategy 2020-2024 and committing to provide the resources necessary to ensure income from these two critical sources continues in a balanced way. The Foundation continues to successfully diversify income in 2021 through the new CU Challenge and broadening its base of institutional funders. The Foundation monitors its long-term commitments on an ongoing basis to ensure adequacy of funding at all times to meet such commitments and the Board has ensured the Gus Murray Endowment Fund is maintained at levels necessary to ensure this.

- The risk to the safety and security of Foundation personnel is elevated due to the particular economic, social, political, environmental and health environments in which the Foundation operates and the

DIRECTORS' REPORT – continued

Risk Management and Internal Control – continued

global Covid-19 pandemic. The Board acknowledges its duty of care to ensure safe, secure and sustainable access to these environments and has committed to adhere to Irish Aid guidelines for NGO professional safety and security risk management. Personnel are explicitly required to comply with all relevant policies; procedures and guidelines and to have an active role in ensuring their own safety and security.

- The ongoing risk of difficulties accessing the key personnel to ensure effective and uninterrupted delivery of programmes and the ability to position those personnel where needed has become more of a challenge due to Covid-19 restrictions. The Foundation has successfully engaged with donors to revise timelines and targets of current contracts where necessary due to ongoing travel restrictions. The Foundation's new strategy focuses strongly on building local and regional capacity within Africa to provide effective and high-quality technical advice to African credit union movements through the SSTA programme. The continued and improved use of remote working platforms in 2021 has enabled the Foundation to expand access to a wider pool of talent and skills and to provide greater capacity building support to local staff in core countries and to improving peer-to-peer support. At all levels HR measures are being implemented to ensure the recruitment and retention of high calibre, motivated staff.

- There are inherent risks in the management of programmes and flows of funds which must be mitigated by sufficient internal controls and monitoring. Management is charged with ensuring regular reviews of all aspects of programmes and the Board periodically commissions an external review of the effectiveness of internal controls in the Foundation. The Foundation has also conducted an internal audit of one of its international credit union partners in Sierra Leone in Q4 2021.

- The risks related to the impact of enhanced digital financial services (DFS) on our credit union partners have been accelerated and exacerbated by Covid-19. The Board sees this risk also as an opportunity with DFS becoming a key part of the technical assistance offering to our partners as an objective in the Foundation's 2020-2024 strategic plan.

The directors recognise the Board's overall responsibility for the organisation's systems of internal control and for reviewing the effectiveness of these systems. The Board actively oversees the internal control systems of the Foundation to ensure they provide reasonable assurance of identifying and addressing risks adequately; that relevant policies and procedures are consistent with best practice and that they are regularly reviewed and adopted. The Board has delegated responsibility for the implementation of this system of internal control to management and to executive management of the ILCU Foundation. This system includes financial controls, which enable the Board to meet its responsibilities for the integrity and accuracy of the organisation's accounting records.

In 2021 the Foundation Board completed its review of important policies and procedures and introduced a new Annual Governance and Compliance Manual to ensure regular and complete reviews for compliance are embedded in the Foundation's operational structures.

The Board is also cognisant of the fact that no system of controls and policies and procedures will ever be sufficient to eliminate risk and has undertaken to foster a strong ethical outlook throughout the organisation. The Board has introduced a mandatory Declaration of Conduct and Ethics for all personnel in the Foundation and Implementing Partners of the Foundation in order to help promote highest standards of ethical behaviour at all levels.

Financial Instruments, Financial Risk Management Policies and Strategies

As the Foundation relies on its incoming resources and its reserves to finance its operations, its financial instruments are confined to a government bond, a corporate bond fund, short-term deposits, and cash and liquid funds. The Foundation does not trade in derivatives or other complex financial instruments. Furthermore, the Foundation has a formal investment policy for its capital reserves which was updated in 2021 stating that funds can only be invested in 100% capital guaranteed investment products.

DIRECTORS' REPORT – continued

Financial Instruments, Financial Risk Management Policies and Strategies – continued

The Foundation is exposed to each of these financial risks is summarised as follows:

- **Credit Risks:** This is the risk that the banks holding the Foundation's current and deposit accounts may not be in a position to repay on the funds deposited. In addition, there is a risk of default in relation to the Foundation's government bond and corporate bond fund. The Foundation manages this risk by assessing the banks where cash deposits are held and by monitoring external credit ratings of the relevant banks on a regular basis. The Foundation also engages with its external investment advisor in respect of external credit ratings of its government bond and the credit ratings of the underlying bonds included in the corporate bond fund.

- **Foreign Exchange Risks:** The Foundation receives the majority of its income in Euro however significant amounts are received in foreign currencies (mainly Sterling and US Dollars). Where appropriate these amounts are transferred immediately into Euro on receipt. The Foundation's overseas programmes are primarily committed in Euro but a US Dollar balance is maintained to fund US Dollar commitments. Our project partners' activities are currently denominated in three local non-core currencies and this by its nature may spread foreign exchange risk to the Foundation. However, the risk to the Foundation is currently judged to be minimal and is actively managed and monitored on an on-going basis.

- **Interest Rate Risks:** The Foundation's assets are managed by third parties in line with the Foundation's investment policies. Investment management meetings are held regularly with the Foundation's investment adviser to ensure compliance with the investment policy in place. Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk as it invests in an Irish government bond and a corporate bond fund.

- **Liquidity Risks:** This is the risk that the Foundation will have temporary deficits in its cash flow in terms of meeting its day to day commitments. This generally arises from timing differences between income flows and expenditure outlays. The Foundation's liquidity is managed by holding deposits on short call notice, and by retaining sufficient designated reserves to cover cash flow requirements. When absolutely necessary, the Board can approve the securing of short term overdraft facilities with the Foundation's bankers; this has not arisen in the current year.

- **Price Risks:** The Foundation is exposed to price risk arising from fluctuations in the value of its Irish government bond and its corporate bond fund as a result of changes in the market prices and risks inherent in all investments. The risk is managed by the Foundation maintaining an appropriate mix of financial instruments and adopting a conservative investment policy.

Compliance with Sector-Wide Standards

As part of Foundation's efforts to improve its work, the Directors and staff of the Foundation monitor and engage with all legislation, standards and codes which are developed for the sector in Ireland. Currently the Foundation subscribes to the following standards:

- The Charities Act 2009
- Charities Governance Code
- Dóchas Code of Conduct on Images and Messages
- Charities Institute Ireland's Triple Lock Standard
- Comhlámh Code of Practice for Volunteers
- Irish Aid Guidelines for NGO Professional Safety & Security Risk Management

The Foundation has reported to the Charities Regulator in 2021 the Foundation is in full compliance with the Charities Governance Code.

DIRECTORS' REPORT – continued

Financial Overview of the Foundation in 2021 and Future Developments

The Foundation recognised total income of €1,225,571 for the year ended 31 December 2021 (2020: €1,172,552) of which total realised income is €1,257,956 (2020: €1,156,297). The difference of €32,385 (2020: €16,255) relates to an unrealised (loss)/gain due to a change in fair value of the investment in an Irish government bond maturing in 2028 and the Corporate Bond Fund investment. This may not reflect the value which will be available in future because market values change and it is currently the Foundation's policy to hold such investments to maturity.

Of the total realised income of €1,257,956, the following movements were significant:

- The Irish credit union movement continued to provide important support for the work of the Foundation despite the ongoing challenges caused by Covid-19 in 2021. A resultant decrease in core CU donations was offset partly by a number of direct CU member and public engagement initiatives. Total income from CU and public donations amounted to €454,807 for the year 2021 (down from €532,344 in 2020).

- External Funding support for the Foundation work increased to €528,609 (2020: €376,978) thanks largely to the significant support in Sierra Leone from the Department of Foreign Affairs through the Irish Aid supported programmes in Sierra Leone; a strong positive conclusion to the IFAD supported IRFITCO 2017-2021 programme in Ethiopia and a new collaborative partnership with DSIK to help to strengthen and build capacity in the credit union movement in Sierra Leone.

    - In 2021, the Foundation received Department of Foreign Affairs (DFA) grants totalling €320,000 (2020: € 250,000). The total amount of income recognised from DFA grants in 2021 amounted to €280,000 (2020: €233,000) which relate to Civil Society Fund (CSF) co-funded programmes in Sierra Leone. This income is from two DFA supported programmes i) related to the successful completion by 30 September 2021 of the CSF FIRSL 2018-2021 programme in Sierra Leone €250,000 and ii) to DFA completed activities related to the new CSF co-funded Step Up 2021-2024 programme €30,000 which commenced in November 2021. The Foundation is very grateful to its local partners in Sierra Leone, ILCUF Ltd. and the apex body for Credit Unions in Sierra Leone, NaCCUA, for their ongoing positive engagement and commitment to the shared work in Sierra Leone and in helping to deliver on programme mandates despite the challenges posed by Covid-19.
    - DSIK has made available funding to the work of the Foundation in Sierra Leone through their 'Strengthening the Credit Union Associations in Ghana, The Gambia, Sierra Leone and Liberia in their organisational capacity' which allows for valuable capacity building financial support to NaCCUA and Sierra Leone Credit Unions. Total income in 2021 recognised by the Foundation reflects the expenditure on agreed completed projects in 2021 totalling €92,000.
    - IFAD provided valuable financial support for the Foundation's ongoing work in Ethiopia with €120,776 (2020: €107,478) having being received and recognised as income from IFAD in 2021.
    - Corporate funders generously contribute to the work of the Foundation and €35,883 was recognised as income in 2021.

Overall expenditure increased to €1,204,581 (2020: €1,128,317) reflecting the successful continued implementation of strategic programme initiatives despite the challenges caused by Covid-19 globally and the unrest in Ethiopia.

- Expenditure on **charitable activities** amounted to €1,153,902 (2020: €1,057,691) with the large donor co-funded projects in Ethiopia (IRFITCO) and Sierra Leone (FIRSL, Step-Up, and DSIK supported activities) benefitting primarily from this support. Smaller scale support for non-donor funded projects was also provided in The Gambia, the Kenyan-based ACCOSCA, and toward resources for South-South consultancy capacity building.

DIRECTORS' REPORT – continued

Financial Overview of the Foundation in 2021 and Future Developments – continued

- Expenditure on **raising funds** was €50,679 (2020: €70,626). The Foundation rebranding project in 2020 refreshed and updated its branding and messaging which allowed for improved online representation and outreach to current and future supporters in 2021. This has increased the possibilities to expand funding to the wider public and the Foundation continues to prioritise communications and fund-raising as a strategic objective.

All risks and developments, including those related to Covid-19, will continue to be monitored on an ongoing basis in all programme countries and internationally and flexible, results-oriented, responsive adaptive programming will be used to mitigate any issues identified.

Reserves and Financial Position

The Foundation is committed to a strategy that ensures that the Foundation's reserve levels are sufficient and that the organisation has a strong financial capital to maintain its current activities and grow in the future. The Board review the level of reserves annually.

The reserves of €2,630,418 at 31 December 2021 (2020: €2,609,428) are detailed in note 17 of the Financial Statements and are classified into three categories:

- The Gus Murray Memorial Endowment Fund of €2,000,000 (2020: €2,000,000) is a permanent endowment fund and was established as a memorial to Mr. Gus Murray. Its sole objective is to ensure funding obligations to the Foundation's existing credit union projects are met. In 2015, the Board approved an additional objective for the Fund that its annual investment income will be used to support the ongoing development programmes of the Foundation. In order for this to be achieved on a sustainability basis, the Board completed an in-depth review and agreed to increase the size of the Fund to €2 million and cap it at that figure. This was achieved in 2016 and the Fund's annual net realised income earned is utilised as an additional source of funding for development programmes. In the event of project funding shortages, to further the objectives of the Foundation, the Board have agreed that funds can be moved from the Gus Murray Fund, however the €2 million balance would be restored in due course.

- Restricted Reserves amounting to €124,000 (2020: €111,000) are unrestricted funds which have been transferred to restricted reserves to meet co-funding contractual obligations with institutional donors amounting to €124,000 (2020: €111,000).

- Unrestricted Reserves amounting to €506,418 (2020: €498,428) which are funds that relate to unspent incomes, which were given without any restrictions, expressed or implied as to how they may be applied. These reserves are classified as 1) Designated funds €461,000 (2020: €455,000) which are unspent unrestricted incomes which the Board wishes to designate for specific purposes appropriate to the mission and strategic priorities of the Foundation and 2) General (Free) Reserves € 45,418 (2020: €43,428) which are the residual unrestricted funds available to the Foundation for general financial purposes in 2022.

Political Contributions

There were no political contributions in the year ended 31 December 2021, and as a result no disclosures are required under the Electoral Act 1997.

Events since the End of the financial year

There have been no significant events affecting the Foundation since the year end. The Board are aware of the exceptional nature of the ongoing impact of Covid-19 and the Board continue to monitor the evolving circumstances and impact and take mitigating action where possible.

DIRECTORS' REPORT – continued

Research and Development

The Foundation did not engage in any research and development during the year.

Transactions Involving Directors

There were no contracts in relation to the affairs of the Foundation in which the Directors had any interest, at any time during the year ended 31 December 2021.

The names of the persons who were Directors at any time during the year 31 December 2021 are set out below. Unless otherwise stated indicated they served as Directors for the entire year:

Mr. Eamonn Sharkey

Ms. Vivienne Keavey

Mr. Jim Toner

Ms. Margaret Heffernan

Ms. Marie Sealy (retired)

Mr. Paul Gibbons (appointed)

Business Review

The income and expenditure for the year and the appropriation thereof are set out in the Statement of Financial Activities on page 19.

Going Concern

Management have prepared cash flow forecasts for the Foundation based on committed grant income, cash at bank and ongoing credit union contributions. The Directors are satisfied based on the review of these forecasts that the Foundation has adequate resources to continue for at least twelve months from the date of approval of these financial statements and it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Disclosure of information to auditors

The directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the Foundation's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's statutory auditors are aware of that information.

Accounting records

The measures taken by the directors to secure compliance with the Foundation's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 33-41 Lower Mount Street, Dublin 2, D02 Y489.

DIRECTORS' REPORT – continued

Statutory Auditors

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

Eamonn Sharkey
Director

Jim Toner
Director

15 February 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities SORP (FRS 102).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Foundation and of its incoming resources and application of resources including its income and expenditure for that year. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
• assess the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
• use the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and its incoming resources and application of resources including its income and expenditure of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Foundation and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a director's report that complies with the requirements of the Companies Act 2014.

On behalf of the board

Eamonn Sharkey
Director

Jim Toner
Director

15 February 2022

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ILCU International Development Foundation ('the Charitable Company') for the year ended 31 December 2021 set out on pages 19 to 34, which comprise the statement of financial activities including profit and loss account, balance sheet, statement of cash flows and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

• the financial statements give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2021 and of its incoming resources and application of resources including its income and expenditure for the year then ended;

• the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

• the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

• have been prepared in accordance with the requirements of the Charities SORP (FRS102)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

KPMG, an Irish partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION *(CONTINUED)*

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and in the appendix of the annual report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Charitable Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILCU INTERNATIONAL DEVELOPMENT FOUNDATION *(CONTINUED)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Charitable Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hubert Crehan — Date: 15 February 2022
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin1

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING PROFT AND LOSS ACCOUNT
For the financial year ended 31 December 2021

	Unrestricted funds €	Restricted funds €	Endowment funds €	Total 2021 €	Total 2020 €
Income from					
Credit union and public donations	423,510	31,297	-	454,807	532,344
External funding (note 10)	5,000	523,609	-	528,609	376,978
Investment and interest Income (net)	121	(1,553)	3,779	2,347	6,183
Unrealised (losses)/gains on investments	-	-	(32,385)	(32,385)	16,255
Contributed services and facilities (note (11) (a))	260,488	11,705	-	272,193	240,792
Total	689,119	565,058	(28,606)	1,225,571	1,172,552
Expenditure on					
Charitable activities (note 11)	(588,844)	(565,058)	-	(1,153,902)	(1,057,691)
Raising funds	(50,679)	-	-	(50,679)	(70,626)
Total	(639,523)	(565,058)	-	(1,204,581)	(1,128,317)
Net income for the year	49,596	-	(28,606)	20,990	44,235
Transfer between funds	(41,606)	13,000	28,606	-	-
Net movement in funds	7,990	13,000	-	20,990	44,235
Total funds brought forward	498,428	111,000	2,000,000	2,609,428	2,565,193
Total funds carried forward	506, 418	124,000	2,000,000	2,630,418	2,609,428

BALANCE SHEET
As at 31 December 2021

	Notes	2021 €	2021 €	2020 €	2020 €
Fixed assets					
Financial assets	12		1,273,518		554,796
Current assets					
Debtors	13	31,004		3,794	
Deposits and investments - cash equivalents		2,059,399		2,848,303	
		2,090,403		2,852,097	
Current liabilities					
Creditors: amounts falling due within one year	14	(733,503)		(797,465)	
Net current assets			1,356,900		2,054,632
Net assets			2,630,418		2,609,428
The funds of the charity:					
Endowment funds					
Gus Murray Memorial Endowment Fund Reserves	17		2,000,000		2,000,000
Unrestricted funds	17		506,418		498,428
Restricted funds	17		124,000		111,000
Total charity funds			2,630,418		2,609,428

The notes on pages 22 to 34 are an integral part of these financial statements.

The financial statements on pages 19 to 34 were authorised for issue by the board of directors on the 15 February 2022 and were signed on its behalf.

On behalf of the board

E Sharkey

Jim Toner

Eamonn Sharkey
Director

Jim Toner
Director

15 February 2022

STATEMENT OF CASH FLOWS
Financial Year Ended 31 December 2021

	Note	2021 €	2020 €
Net cash (used by)/provided by operating activities	16	(40,156)	44,199
Cash flows from investing activities			
Interest received and similar income (net)		2,359	6,348
Net increase in financial assets- debt securities		(751,107)	-
Net decrease in deposits and investments – other		-	500,000
Net cash (used in)/ generated from investing activities		(748,748)	506,348
Net (decrease)/increase in cash and cash equivalents in the year		(788,904)	550,547
Cash and cash equivalents at 1 January		2,848,303	2,297,756
Cash and cash equivalents at 31 December		2,059,399	2,848,303
Cash and cash equivalents comprise:			
Cash		133,341	61,636
Deposits and investments		1,926,058	2,786,667
		2,059,399	2,848,303

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

The mission of the Foundation is to help alleviate poverty in developing countries by supporting credit unions and their representative bodies as a means for social-economic development through the provision of financial and technical assistance.

The main strategy employed by the Foundation to achieve this mission is co-funding long term programmes with developing credit union movements in selected countries.

The Foundation is incorporated in the Republic of Ireland under the Companies Act 2014 as a company limited by guarantee not having a share capital under registered number 144006. The Foundation is a registered charity with the Charities Regulatory Authority and meets the definition of a Public Benefit Entity under FRS 102. The address of its registered office is 33 - 41 Lower Mount Street, Dublin 2, D02 Y489.

The Foundation regards the Irish League of Credit Unions (ILCU) as its ultimate controlling party. The ILCU is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Foundation is a member. Copies of the financial statements of the ILCU are available at 33 - 41 Lower Mount Street, Dublin 2, D02 Y489.

These financial statements are the Foundation’s separate financial statements.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014. The financial statements comply with Financial Reporting Standard 102 “The Financial Reporting Standard Applicable in the UK and Republic of Ireland” (FRS 102). In addition, the Directors have voluntarily adopted the Statement of Recommended Practice applicable to charities, preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland Charity SORP (FRS 102).

3 Basis of preparation and measurement

(a) Basis of Preparation

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

(b) Going concern

Management have prepared cash flow forecasts for the Foundation based on committed grant income, cash at bank and ongoing credit union contributions. The Directors are satisfied based on the review of these forecasts that they have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Foundation’s shareholders. In these financial statements, the Foundation has taken advantage of the following exemptions:

i. from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102.
ii. from the related party disclosure of transactions under Section 33 of FRS 102 with the parent undertaking, Irish League of Credit Unions and also with wholly owned subsidiaries within the Irish League of Credit Unions Group.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

The significant accounting policies adopted by the Foundation are as follows:

(a) Incoming resources

Credit union and public donations
Voluntary income, primarily derived from credit unions, which provides core funding to the Foundation and is recognised when received. However, income recognition may be deferred if there are future specific conditions attached to the donation which have not yet been met.

External Funding

i. **Institutional funding**
Income from government and other institutional donors' contracts or grants (whether "capital" grants or "revenue" grants), is recognised when the Foundation has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably.

ii. **Other funding**
Income from corporate donations and grants which are recognised when the Foundation has received the funds, and any performance conditions attached to the donation or grant have been met.

Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be reliably measured by the charity; this is normally upon notification of the interest payable by the bank.

Realised gains and losses
Realised gains and losses, being the difference between the net sale proceeds and the cost of acquisition, are included in the Statement of Financial Activities as investment income.

Unrealised gains and losses
Unrealised gains and losses, being the difference between the market value at the end of the financial year and the market value at the beginning of the financial year or date of purchase if later, as adjusted for the reversal of unrealised gains and losses recognised in earlier accounting periods which are now realised, are included in the Statement of Financial Activities.

Contributed Services and Facilities
Contributed services and facilities are recognised as income in the period in which the Foundation has derived the economic benefit from those services and facilities and that economic benefit can be measured reliably on the basis of the value of the gift to the charity (which is deemed to be the amount the Foundation would have been willing to pay to obtain those professional services on the open market). A corresponding amount is then recognised in expenditure in the same period.

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

Classification of Funds
All transactions of the organisation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", "endowment" or "unrestricted".

Income is treated as restricted where the donor has specified that it may only be used for a particular purpose and there are restrictions imposed on the treatment of any related surpluses. All other income is treated as unrestricted. Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor. All other expenditure is treated as unrestricted.

The balance of the restricted funds at year end represents the asset held by the Foundation for particular purposes specified by the donor. The balance of the unrestricted funds at year end represents the assets held by the Foundation for general use in furtherance of its objectives. Endowment fund

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies – continued

(a) Incoming resources
Classification of Funds – continued

represents amounts held in investments for the purpose of allowing the Foundation, in an orderly manner phase down funding to its partners over a number of years, where there is a sudden cessation of the Foundation activities. Annual income from these principal amounts are being utilised as an additional source of funding for Foundation programmes.

(b) Foreign currencies

(i) Functional and presentation currency
The Foundation's functional and presentation currency is the euro, denominated by the symbol "€".

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Gains and losses arising from foreign currency transactions and on settlement of amounts receivable and payable are dealt with in the Statement of Financial Activities.

(c) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Financial Activities.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Financial Activities.

(d) Employee Benefits

The Foundation provides a range of benefits to employees, paid holiday arrangements and facilitates a revenue-approved Personal Retirement Savings Account (PRSA) scheme for employees.

4 Summary of significant accounting policies – continued

(d) Employee benefits – continued

Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(e) Expenditure

Charitable activities
Charitable activity expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Charitable expenditure comprises all those directly attributable costs - at Headquarter and country programme level - required to provide financial and technical assistance including consultancy fees, salaries, travel costs, accommodation costs, subsistence costs etc. These costs are recorded by specific activity and disclosed by country in note 11.

In addition, the ILCU, the Foundation's parent undertaking, has contributed certain administrative and professional services and facilities to the Foundation. The fair value of these costs have been estimated and are allocated on a pro rata basis to the charitable activities by country.

Governance costs relating to Board and compliance costs and Support costs relating to administrative and charitable activity support have also been allocated on a pro rata basis to the charitable activities by country.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Raising funds
Raising funds comprises all expenditure incurred directly by the Foundation on raising funds for the organisation's charitable activities. The related expenditure is recognised in the period in which it is incurred.

(f) Related party transactions

The Foundation discloses by way of a note to the financial statements any transactions with related parties which are not wholly owned with the same group.

(g) Reserves policy

Unrestricted funds are general funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity or which have been designated by the directors for specific purposes out of unspent unrestricted income in the period.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which are funds the Foundation is contractually obliged to provide from its unrestricted income reserves under a co-funding arrangement with an institutional donor.

Endowment fund is funds which are held as capital and intended to be held indefinitely.

(h) Financial Instruments

The Foundation has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies – continued

(h) Financial instruments – continued

i. Financial assets

Trade and other debtors
Trade and other debtors are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Subsequent to initial recognition, trade and other debtors and cash and cash equivalents are measured at amortised cost less any impairment losses. Financial assets from financing arrangements cannot be measured at amortised costs, these are discounted.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.
Investments
Investments in Government Bonds is carried at quoted market value on the active market at bid price. The investment in the Collective Investment Scheme is based on a Net Asset Value (NAV) that is published on a daily basis.

Subsequent to initial recognition, these investments are measured at fair value with changes recognised in profit or loss. Fair values are determined at prices quoted in active markets.

Impairment of Financial Assets
At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in the Statement of Financial Activities. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities
Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial

NOTES TO THE FINANCIAL STATEMENTS

4 Summary of significant accounting policies – continued

(h) Financial Instruments – continued

ii. Financial liabilities – continued

liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, and loans from fellow group companies, are subsequently carried at amortised cost.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

5 Critical judgments in applying the company's accounting policies

Estimates and judgements made in the process of preparing the Foundation financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements.

i. Charitable expenditure

The Foundation has a number of charitable expenditure obligations. Accruals are recognised based on the estimated cash flow expected to be required to settle the Foundation's obligation under these constructive obligations and commitments. Judgements are used in determining the timing and level of expenditure to be recognised.

ii. External Funding income recognition

Income is recognised from external funding when the Foundation has (a) entitlement to the funds, (b) any performance conditions attached to the grant or contract are deemed to have been met, (c) it is probable that the income will be received and (d) the amount can be measured reliably. Some judgements are applied when determining whether all conditions have been met. The income may be deferred in such instances.

6 Group membership

The Foundation regards the ILCU as its ultimate controlling party. The ILCU is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Foundation is a member. Copies of the financial statements of the ILCU are available at 33 – 41 Lower Mount Street, Dublin 2, D02 Y489.

NOTES TO THE FINANCIAL STATEMENTS

7 Income

	2021	2020
	€	€
Analysis of turnover by category:		
Unrestricted funds	689,119	742,579
Restricted funds	565,058	407,780
Endowment funds	(28,606)	22,193
	1,225,571	1,172,552

8 Net incoming resources for the year before other recognised gains and losses

	2021	2020
	€	€
Net incoming resources for the year before other recognised gains and losses is stated after crediting/(charging) the following:		
Foreign exchange gains/(losses)	18,082	(6,004)

There is no auditors' remuneration in respect of the Foundation. The auditor's remuneration for the consolidation of the ILCU Group is borne by the ILCU.

9 Taxation

No taxation charges are provided in the financial statements as the Foundation has been granted charitable status and accordingly is not subject to tax.

10 External funding

	2021	2020
	€	€
Department of Foreign Affairs and Trade -Irish Aid	280,000	233,000
International Fund for Agricultural Development (IFAD)	120,776	107,478
DSIK (Deustche Sparkassenstiftung für Internationale Kooperation)	92,000	-
Corporate Donors	35,833	36,500
	528,609	376,978

11 Cost of charitable activities

	2021	2020
	€	€
Grants and associated costs for the year were made up as follows:		
Albania	-	5,560
Ethiopia	313,909	373,617
Gambia	36,804	72,320
Sierra Leone	792,350	553,501
Kenya	6,237	35,816
Other countries	4,602	16,877
	1,153,902	1,057,691

NOTES TO THE FINANCIAL STATEMENTS

11 Cost of charitable activities - continued

(a) Contributed services and facilities:
The ILCU, the Foundation's parent undertaking, has contributed certain professional services and facilities to the Foundation. The value of this gift of €260,488 (2020: €227,580) has been recognised in income and a corresponding amount has been recognised in expenditure. Specific donor restricted task related professional technical service consultancy services amounting to €11,705 (2020: €13,212) were donated to the Foundation by a number of individuals in 2021. The value of these gifts have been recognised as income and the corresponding amount has been recognised as expenditure within charitable activities. Contributed professional services and facilities have been allocated to charitable activities on a pro rata basis where applicable.

(b) The following costs have been allocated to charitable activities on a pro-rata basis:

- Governance costs €24,001 (2020: €28,756) relating to Board and compliance costs.
- Support costs €28,991 (2020: €19,220) relating to administration and charitable activity support costs.

12 Financial assets

	Market value 2021 €	Cost 2021 €	Market value 2020 €	Cost 2020 €
Debt securities – Irish Government Bond	535,669	500,000	554,796	500,000
Collective Investment Scheme	737,849	751,108	-	-
	1,273,518	1,251,108	554,796	500,000

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction.

13 Debtors

	2021 €	2020 €
Amounts falling due within one year:		
Grant receivable	-	2,726
Interest receivable	-	12
Other debtors	31,004	1,056
	31,004	3,794

14 Creditors – amounts falling due within one year

	2021 €	2020 €
Accruals	264,628	414,885
Amounts owed to parent	62,508	92,542
Deferred income	406,367	290,038
	733,503	797,465

Amounts owed to parent are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Included in accruals above is €201,368 (2020: €166,259) of committed charitable expenditure which will not be payable until the recipient has met with the conditions set down by the Foundation.

15 Commitments

As at 31 December 2021, the Foundation has no commitments other than those included in creditors in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

16 Note to the cash flow statement

	2021 €	2020 €
Income for the year	20,990	44,235
(Decrease)/Increase in debtors	(27,222)	3,102
(Decrease)/Increase in creditors	(63,962)	19,300
Unrealised gains/(losses) on investments	32,385	(16,255)
Investment and interest income (net)	(2,347)	(6,183)
Net cash (outflow)/inflow from operating activities	(40,156)	44,199

17 Analysis of Funds

	Endowment fund movement €	Unrestricted fund movements €	Restricted fund movements €
Opening balance at 1 January 2021	2,000,000	498,428	111,000
Incoming resources	(28,606)	689,119	565,058
Resources expended	-	(639,523)	(565,058)
Transfer between funds*	28,606	(41,606)	13,000
Closing balance at 31 December 2021	2,000,000	506,418	124,000

*The transfer to restricted funds of €13,000 relates to the use of unrestricted income to meet co-funding contractual obligations entered in to by the Foundation for 2022 .

18 Employees and directors

	2021 €	2020 €
Staff costs		
- wages and salaries	205,814	267,921
- social insurance costs	22,701	24,934
- pension costs	5,880	14,428
	234,395	307,283

The staff costs are recorded by specific charitable expenditure activity and disclosed by country with other related expenditure in note 11.

The average number of full time equivalents (FTEs) employed in the Foundation during the year was:

	2021 Number	2020 Number
Project Support	5	6

One employee of the ILCU who is considered to be key management personnel provides significant key management services to the Foundation and received a salary in the band €90,000 - €100,000 in 2021 and 2020.

As our international Credit Union partners have stated that technical advice and training is the most useful assistance the Foundation is providing a significant element of our support in the form of human resources.

None of the directors received any emoluments during the current year or prior year.

NOTES TO THE FINANCIAL STATEMENTS

18 Employees and directors – continued

The Foundation provides access to a revenue approved PRSA and contribute a percentage of an employee's salary to the PRSA under certain conditions.

19 Financial Risk Management

The Foundation is exposed to a range of financial risks. The risks that the Foundation primarily faces due to the nature of its charitable activities and investment activities are market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Foundation does not use derivatives.

Fair value
Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. The Foundation has an investment in an Irish Government Bond which is carried at quoted market value on the active market at bid price. The investment in the Collective Investment Scheme is based on a Net Asset Value (NAV) that is published on a daily basis. The Foundation's remaining investments are in cash and deposits which are carried at amortised cost.

(a) Market risk
Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates, and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Foundation's risk management objectives which aim to minimise exposure to market risk in line with the overall risk appetite framework are:

- To adopt a conservative approach to investments and seek to safeguard the value of the funds:
- Hold sufficient investment values and investment liquidity to ensure all charitable expenditure commitments are met as they fall due;
- Ensure that there are appropriate policies and strategies in place including concentration risk management, counterparty risk management, and asset liability risk management to meet this objective; and
- Manage investment assets risk profile.

The Foundation has established policies and procedures in order to manage market risk and methods to measure it.

There were no changes to the Foundation's objectives, policies, and processes for managing market risk.

(i) Currency risk
The Foundation receives the majority of its income in Euro however significant amounts are received in foreign currencies (mainly Sterling and US Dollars). Where appropriate these amounts are transferred immediately into Euro on receipt. The Foundation's overseas programmes are primarily committed in Euro but a US Dollar balance is maintained to fund US Dollar commitments.

Our project partners' activities are currently denominated in three local non-core currencies and this by its nature may spread foreign exchange risk to the Foundation. However, the risk to the Foundation is currently judged to be minimal and is actively managed and monitored on an on-going basis.

NOTES TO THE FINANCIAL STATEMENTS

20 Financial Risk Management - continued

(a) Market risk – continued

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk as it invests in an Irish Government Bond and a Corporate Bond Fund. The Foundation's assets are managed by an external investment manager in accordance with a conservative investment mandate. Investment management meetings are held regularly with the Foundation's investment adviser to ensure compliance with the investment policy in place.

(iii) Price risk

The Foundation is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market price of its investment in an Irish Government Bond and the investment in the collective investment fund.The risk is managed by the Foundation maintaining an appropriate mix of financial instruments and adopting a conservative investment policy.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation is exposed to the risk that the banks holding the Foundation's current and deposit accounts may not be in a position to repay on the funds deposited. The Foundation manages this risk by assessing the banks where cash deposits are held and by monitoring external credit ratings of the relevant banks on a regular basis.

The Foundation is also exposed to credit risk in respect of its investment in an Irish Government Bond and the investment in the collective investment fund. The Foundation manages this risk by review the credit rating of the counterparties in conjunction with the external investment advisors.

Trade and other debtors are also exposed to credit risk. The Foundation monitors collection of amounts receivable.

There were no changes in the Foundation's credit risk exposure in the financial year nor to the objectives, policies, and processes for managing credit risk.

The carrying amount of financial assets recorded in the financial statements, represents the Foundation's maximum exposure to credit risk.

(c) Liquidity risk

This is the risk that the Foundation will have temporary deficits in its cash flow in terms of meeting its day to day commitments. This generally arises from timing differences between income flows and expenditure outlays. The Foundation's liquidity is managed by holding deposits on short call notice, and by retaining sufficient designated reserves to cover cash flow requirements. When absolutely necessary, the Board can approve the securing of short term overdraft facilities with the Foundation's bankers; this has not arisen in the current or prior year.

There are risks associated with cash flows, particularly where the economic situation has the potential to reduce the amount or timing of income from voluntary contributions. The Foundation is sensitive to the reality that cash flows can lag behind associated programme expenditure, and the reserves policy of the Foundation is structured to ensure that unrestricted reserves are brought to a sufficient level to act as a cushion against any such cash flow sensitivities.

Details of the Foundation's going concern assessment is included in note 3.

NOTES TO THE FINANCIAL STATEMENTS

21 Post Balance Sheet events

There have been no significant events between the Balance Sheet date and the date on which the financial statements were approved by the Board which would require adjustment to the financial statements or any additional disclosures. The Board continue to closely monitor the impact of Covid and take appropriate action where possible to mitigate the effects on the Foundation's activities.

22 Approval of Financial Statements

The financial statements were approved by the directors on 15 February 2022.

APPENDIX - GUS MURRAY MEMORIAL ENDOWMENT FUND - unaudited
Financial Year Ended 31 December 2021

	2021	2020
	€	€
Revenue account		
Investment (Expense)/Income (net)	(28,606)	22,193
Total (Expense)/Income	(28,606)	22,193
(Loss)/Profit for the year	(28,606)	22,193
Transfer to unrestricted funds	28,606	(22,193)
	-	-
Balance sheet		
Assets		
Investments- Debt Securities	500,000	500,000
Investments- Corporate Bond Fund	751,108	
Cash equivalents	748,892	1,500,000
Deposits	-	-
	2,000,000	2,000,000
Financed by		
Reserves	2,000,000	2,000,000